

## MEMORANDUM OF UNDERSTANDING

### RRF PROPOSAL MARAD RFP DTMA 91-97-R-00002

Memorandum of Understanding "MOU" as of January 14, 2000, between the undersigned Company ("Company") and the National Maritime Union of America ("Union"), regarding the terms and conditions of employment unlicensed crew and the unlicensed maintenance crew employed only aboard certain vessels operated by the Company under MARAD RFP DTMA 91-97-00002 ("RFP").

WHEREAS, the Parties have a Collective Bargaining Agreement ("Agreement") covering the Company's vessels; and

WHEREAS, the Company will bid on a contract to maintain and periodically operate certain vessels in the Ready Reserve Force (RRF) under the referenced RFP, the Parties in recognition of the need for continuous maintenance coverage of the RRF vessels, have negotiated the positions designated as "Maintenance"; and

WHEREAS, the parties agree to all terms of the RFP,

THEREFORE IT IS AGREED THAT: All wages, benefits, contributions and other terms and conditions of employment contained in the last negotiated NMU Deep Sea Dry Cargo or Tanker Agreement which ever is applicable, shall apply to the RFP vessels, except as amended or modified herein.

#### 1. MAINTENANCE CREWMEMBER

It is the intent of the Parties that the categories of crewmembers be titled using the term "maintenance" for each unlicensed rating to be assigned to perform work as directed by the Chief Maintenance Engineer/Officer or Port Engineer aboard the RRF vessels.

The Company shall employ an unlicensed Maintenance crew consisting of Bosuns, Able Seamen, Demacs, Electricians, Wipers, Steward/Bakers, Steward Utilities, General Vessel Assistants, and/or other ratings as deemed necessary to maintain each vessel in Reduced Operating Status (ROS).

During a vessel breakout or sailing, each Maintenance Crewmember may be either temporarily or permanently transferred in accordance with the Agreement to any of the vessels in the specific rating held while in ROS status. Such transfer from Maintenance Crewmember to sailing crewmember shall not break any continuous employment, and such crewmember will revert to Maintenance status at the end of the activation period.

The Company shall have the right to approve or reject each crewmember. Likewise, the Company shall have the right to transfer unlicensed personnel between vessels at the Company's discretion.

It is understood the union shall provide trained, competent, qualified, medically fit personnel. All crewmembers hired under this MOU shall be considered probationary for the first sixty (60) calendar days of their employment. During this probationary period, employment may be terminated by the Company for any lawful reason, and there shall be no recourse through the Grievance Procedure. The Company shall have the right of selection regarding Steward/Bakers, and Elect/DEMAC. All Maintenance Crewmembers shall be deemed permanent employees of the Company unless specifically ordered as, and dispatched as reliefs. All other positions in the Maintenance Crew, as well as those positions required to complete the ship's manning requirements which are not filled by permanent Maintenance Crewmembers, will be filled in accordance with the terms of the Agreement.

## **2. HOURS OF LABOR, WAGES, AND FRINGE BENEFITS (ROS STATUS ONLY)**

While the vessels are in ROS status, the Maintenance Crewmembers shall work 40 hour work week consisting of 8 hours per day, Monday through Friday, normally from 8:00am to 5:00pm. Notwithstanding the foregoing, for Steward's Department personnel employed during ROS period, the normal work hours on Mondays through Fridays shall be 8 hours per day, during the period of 0630 and 1830 hours. When crewmembers are called back to work during normal hours without at least one hour off duty, their work shall be considered uninterrupted for purposes of determining the required 8 hours of work.

The normal work hours may be varied due to launch and/or other transport schedules to or from the vessel. Regular wages shall be paid semi-monthly. The daily base wage shall be paid for all days worked. Monday through Friday only plus all Holidays.

All hours worked in excess of 8 hours in any one day, or 40 hours in any one week, or any hours outside the normal work hours defined herein, and for all hours worked on Saturdays, Sundays, and holidays, shall be compensated at the overtime rate of pay. Overtime work shall be approved by the Maintenance Chief Engineer or the Maintenance Chief Officer or Ship's Manager.

Where overtime worked is less than one hour, overtime for one hour shall be paid, except as otherwise specified herein. When overtime work exceeds one hour, such additional work shall be paid in one-half hour increments and a fractional period shall count as one-half hour. When Maintenance Crewmembers are called out to work and the work is not continuous with normal hours of work, a minimum of two hours of overtime shall be paid.

In the event that a Maintenance Crewmember fails to perform the required duties during a vessel break out, or fails to sail with the vessel as required, and is determined to be fit for duty, the Company shall have the option of denying future employment to the crewmember without recourse by the crewmember.

The wages and overtime shall be as set forth in the attached Appendix (A-1) and (B-1). The daily fringe benefit contributions shall be as set forth in the attached Appendix (A-2) and (B-2).

### **3. VACATION BENEFITS (ROS STATUS ONLY)**

For each thirty (30) calendar days while the Maintenance Crewmember is on payroll, the vacation benefit shall be one and one half (1.5) days, payable at the daily base wage rate. Vacation benefits shall be payable as accrued, or immediately following the completion of a voyage on one or more of the vessels broken out under the terms of the Contract covering these vessels, subject to the operating needs of the vessel or vessels.

It is understood that the vacation benefits payable while in ROS status vary from the vacation benefits payable while the vessels are sailing. However, when taking vacation, vacation days shall be combined and pro-rated as applicable, subject to the conditions set forth herein. Transportation not payable for ROS status vacation or Leaves of Absence.

In the event a crewmember leaves the Company for any reason other than stated in Section 2 above, the accrued maintenance vacation will be paid in full.

### **4. SICK LEAVE**

Sick leave will accrue at the rate of one (1) day for every thirty (30) calendar days worked as a Maintenance Crewmember, to be payable when crewmembers are unable to perform their normal maintenance duties due to illness or injury.

Accrued but unused sick leave shall be accumulated for each Maintenance Crewmember. In the event a crewmember is transferred to another ROS vessel within the Company, accrued sick leave will be transferred as well. However, termination of employment "for cause" or "by mutual consent" will result in the loss of all accumulated sick leave.

### **5. TRANSPORTATION, SUBSISTENCE AND LODGING**

ROS crew members are provided the opportunity to be housed onboard. ROS crewmembers will receive a meal allowance any day in which they are required to be aboard for work and the Company has not provided meals. It is understood that food shall be available onboard for crewmembers on Saturdays, Sundays and holidays. Meal allowance will be in accordance with the FTR rate for the city in which the vessel is berthed.

Launch services to and from a vessel shall be provided when necessary. When a crew member is temporarily transferred from one port to another port and not housed aboard the vessel, each Maintenance Crewmember shall be provided with lodging, subsistence and logistical support at levels at least comparable to shipboard standards. Travel time to the next vessel will be under normal sea-status terms and conditions if the next vessel is in activation. If the transfer is to a vessel not under activation status, the Company may elect to either place Maintenance Crewmembers on per diem expense during said transfer periods at comparable FTE rates, or reimburse the crewmember at reasonable expenses.

## **6. HOLIDAYS**

The following holidays will be observed while the vessel is in the maintenance (ROS) phase:

New Year's Day	Labor Day
Martin Luther King Day	Columbus Day
Presidents Day	Veterans Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

## **7. FULL OPERATING STATUS (FOS)**

The provisions of this Section 7 shall apply to all RRF vessels while in FOS status.

Due to the operational requirements of these vessels whereby they may operate in remote and hostile environments, it is recognized that there may be instances whereby vessel personnel may be restricted from shore leave by military commanders. For those instances, sections of the Agreements relating to confinement to vessel shall not be applicable. It is to be understood that the Company or the Master acting on behalf of the Company shall not abuse this provision. In the event of a restriction to the vessel, if it is to extend more than seventy two (72) hours, the Company shall notify the Union within the first seventy two (72) hours of the restriction.

Wages shall be as set forth in Appendix "B1".

### **a.) NMU VACATION PLAN**

Vacation benefits shall be computed on the basis of fifteen (15) days for each thirty (30) days of shipboard employment, on the basis of the "Monthly Base Wage." Days of vacation shall not be considered days of employment for NMU Welfare Plan purposes.

### **b.) NMU PENSION PLAN AND NMU ANNUITY PLAN**

- a) The pension plan is fully funded and currently requires no contribution.
- b) The Company shall contribute five percent (5%) of on-board base wages into a Defined Contribution Plan (NMU Annuity Plan) on behalf of each covered employee.

### **c.) OTHER PLANS AND COMMITTEES**

Contributions to the various NMU-sponsored Plans and Committees shall be as per Appendix (A-2) & (B-2) attached hereto.

## 8. TOUR OF DUTY FOR DIEGO GARCIA STATIONED VESSELS

a) The '180 Day Rule' contained in Article I, Section 45 (j) of the Agreement and Rule 27 (f) of the National Shipping Rules shall be amended to "120 Days." The "120 Day Rule" contained in Article I, Section 22 of the Agreement shall be applicable for vessels covered by this MOU.

b) Steady seaman shall be permitted to reshuffle at the conclusion of their vacations consistent with MAC flight schedules. Article I, Section 8 (E) of the Agreement shall be amended to provide that a seaman desiring an unpaid leave of absence immediately following vacation must provide the Company with at least thirty (30) days notice of such desire prior to the conclusion of his/her vacation. Such leaves of absence may be requested by a steady seaman either while still aboard ship or on vacation. to commence immediately following vacation, may be rejected if such extra leave were to commence during the period November 15 through January 3.

## 9. GRIEVANCE AND ARBITRATION PROCEDURE

All disputes relating to the interpretation or performance of this MOU which cannot be resolved by the Parties shall be determined in accordance with the provisions of the Agreement.

## 10. TERM

This MOU shall remain in effect for the term of the Company's initial award period of the Contract and any extensions thereto. It is understood that MARAD shall have the right to terminate the Maintenance Crewmember program, in whole or in part.

BY: TJ Murray

BY: Gene L. [Signature]

TITLE: President

TITLE: PRESIDENT

Marine Personnel & Provisioning, Inc.

National Maritime Union of America

DATE: 1/14/00

DATE: January 14, 2000

**APPENDIX "A-1"**  
**MOU -RRF PROPOSAL MARAD DTMA 91-97-R-00002**  
**ROS- MAINTENANCE CREW WAGES (CARGO VESSELS)**

Effective Upon Award of Contract

	<u>WEEKLY RATE</u>	<u>DAILY RATE*</u>	<u>OVERTIME RATE</u>
<b>DECK DEPARTMENT</b>			
Boatswain	\$771.54	\$154.31	\$28.93
Boatswain/AB	771.54	154.31	28.93
AB	558.95	111.79	20.96
AB-Maintenance	558.95	111.79	20.96
OS	422.73	84.55	15.86
GVA	422.73	84.55	15.86
<b>ENGINE DEPARTMENT</b>			
Elect/DEMAC	\$771.54	\$154.31	\$28.93
QMED/Pumpman	751.45	150.29	28.19
DEMAC	751.45	150.29	28.19
Junior Engineer	716.35	143.27	26.87
Oiler	560.01	112.00	21.00
FWT	560.01	112.00	21.00
Wiper	495.75	99.15	18.59
<b>STEWARDS DEPARTMENT</b>			
Steward/Baker	\$771.54	\$154.31	\$28.93
Chief Cook	614.05	122.81	23.03
Asst. Cook Util.	524.25	104.86	19.67
Third Cook	524.25	104.86	19.67
Steward Assistant	422.73	84.55	15.86
GSU	422.73	84.55	15.86

It is agreed the wages will be increased by 3.0% on the second anniversary date of the award of the contract and 3.0% increase on each anniversary date thereafter.

\*Daily wage paid for five days (five day work week).

**APPENDIX "A-2"**  
**MOU - RRF PROPOSAL MARAD RFP DTMA 91-97-R- 00002**  
**ROS- MAINTENANCE FRINGE BENEFITS**  
**(CARGO VESSELS)**

Effective Upon Award of Contract

<b>PLAN:</b>	<b><u>DAILY RATE PER DAY PAID</u></b>
NMU PENSION PLAN	\$ -0-
NMU WELFARE PLAN	\$32.08
NMU PURCHASE PLAN	5.0% daily base wage paid
NMU EDUCATION PLAN	\$5.68**
NMU J.E.C.	\$4.00
NMU DRUG TESTING	\$ -0-
NMU VACATION PLAN (re-allocable)	\$8.00

It is not required that replacement be sent to the vessel each time the normal Maintenance Crew members take vacation, sick days or training for short periods of time. It is understood that the Company has full discretion in replacing absent crew members

\*\* \$3.00 shall be allocated to the N.M.U. apprenticeship program.

**APPENDIX "B-1"**  
**MOU - RRF PROPOSAL MARAD RFP DTMA 91-97-R-00002**  
**FOS STATUS CREW WAGES (CARGO)**

Effective Upon Award of Contract

	<u>MONTHLY BASE WAGE</u>	<u>HOURLY OT RATE</u>	<u>HOURLY PENALTY RATE</u>
<b>DECK DEPARTMENT</b>			
Boatswain	\$3,306.60	\$25.36	\$14.38
Boatswain A/B	3,306.60	25.36	14.38
AB Maintenance	2,395.50	21.64	11.02
AB	2,106.34	19.06	11.02
OS	1,811.70	15.94	8.73
General Vessel Assistant	1,811.70	15.94	8.73
<b>ENGINE DEPARTMENT</b>			
Elect/DEMAC	\$3,306.60	\$25.36	\$14.38
QMED/Pumpman	3,253.00	25.36	14.38
QMED (Day)	3,220.50	24.72	14.38
DEMAC (Day)	3,220.50	24.72	14.38
Junior Engineer	3,069.90	21.64	14.38
Oiler	2,400.00	21.64	11.02
FWT	2,400.00	21.64	11.02
Wiper	2,124.60	15.94	8.73
<b>STEWARDS DEPARTMENT</b>			
Steward/Baker	\$3,306.60	\$25.36	\$14.38
Chief Cook	2,631.60	21.64	14.38
Asst. Cook Util.	2,247.00	16.96	11.02
Steward Assistant	1,811.70	15.94	8.73
GSU	1,811.70	15.94	8.73

Wages shall be increased by 3.0% on the second anniversary date of the award of the contract and 3.0% increase on each anniversary date thereafter.

Any crew member required to work in excess of eight (8) hours in any calendar day when in FOS status shall be compensated at the overtime rate specified above for each hour worked.

Attachment "B-1" to MOU dated January 14, 2000.



APPENDIX "B-2"  
MOU -RRF PROPOSAL MARAD RFP DTMA 91-97-R- 00002  
FOS STATUS CREW WAGES (CARGO)

Effective Upon Award of Contract

PLAN:	<u>DAILY RATE PER DAY PAID</u>
NMU PENSION PLAN	\$ -0-
NMU WELFARE PLAN	\$32.08
NMU PURCHASE PLAN	5.0% daily base wage paid
NMU EDUCATION PLAN	\$5.68**
NMU J.E.C.	\$4.00
NMU VACATION PLAN	57.0% of base wage paid (15/30)
NMU DRUG TESTING	\$ -0-
NMU VACATION PLAN (re-allocable)	\$8.00

\*\*\$3.00 shall be allocated to the N.M.U. apprenticeship program.